

CO-OPERATION ACT 1981

RULES

FOR

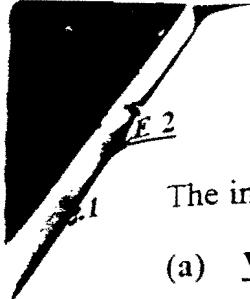
CO-OPERATIVE ENERGY LTD

PART A - PRELIMINARY

RULE 1

INTERPRETATION

- 1.1 In these Rules, unless inconsistent with the context or subject matter:
- "the Act" means the Co-operation Act 1981 and any amendment thereof.
- "Month" means calendar month.
- "Prescribed" means prescribed by the Act or the Regulations.
- "Regulations" means the Co-operative Societies (General) Regulations 1982 and any amendment thereof.
- "Registrar" means the Registrar of Co-operative Societies.
- "Financial Year" means the year ending 30th September.
- "Primary Joint Holder" means, in the case of joint share holders, the person first named in the register of members and shares.
- "Board" means the Board of Directors.
- 1.2 Words importing the singular include the plural, and vice versa.
- 1.3 Words or expressions contained in these Rules shall be interpreted in accordance with the provisions of the Interpretation of Legislation Act 1984 and the Act as in force from time to time.



CO-OPERATIVE PRINCIPLES

The international co-operative principles are as follows:

(a) **Voluntary association and open membership**

Membership of a co-operative society should be voluntary and available without artificial restriction or any social, political, or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.

(b) **Democratic control**

Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

(c) **Limited interest on capital**

Share capital should only receive a strictly limited rate of interest, if any.

(d) **Equitable distribution of surplus**

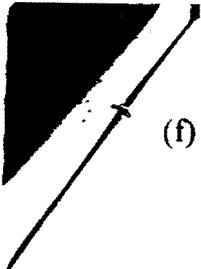
Surplus savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (i) by provision for development of the business of the co-operative;
- (ii) by provision of common services; or
- (iii) by distribution among the members in proportion to their transactions with the co-operative.

(e) **Co-operative education**

All co-operative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of co-operation both economic and democratic.



(f) **Co-operation among co-operatives**

All co-operative organisations, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national, and international levels.

2.2 Any requirements of the Act that the Co-operative function in accordance with co-operative principles shall not be construed:

- (a) As requiring the Co-operative to function in accordance with all of the co-operative principles as set out in Rule 2.1 of these Rules;
- (b) As authorising the Co-operative to contravene any provisions of the Act or of these Rules.

RULE 3

NAME

3.1 The name of the Co-operative shall be **CO-OPERATIVE ENERGY LTD.** (hereinafter called "the Co-operative") registered as a Community Advancement Society under the Act.

RULE 4

REGISTERED OFFICE

4.1 The registered office of the Co-operative shall be situated at **71 FRANCISCAN AVENUE, FRANKSTON, VICTORIA. 3199**

PART B - AIM/OBJECTS OF THE CO-OPERATIVE

RULE 5

AIM OF CO-OPERATIVE

5.1 The aim of the Co-operative is to foster the establishment and development of electric co-operatives.

RULE 6

OBJECTS

6.1 The objects of the Co-operative shall be:

- (a) To engage in the compilation and dissemination of information on the generation, transmission and distribution of electricity;
- (b) To promote the establishment and development of electric co-operatives;
- (c) To provide services to members, electric co-operatives and others in connection with the advancement and development of electric co-operatives;
- (d) To represent the best interests of members and electric co-operatives with all branches of government;
- (e) To encourage existing co-operatives to provide electric services to their members;

(f) To do all such things calculated to improve the conditions of community life as are prescribed by regulation.

RULE 7

POWERS INCIDENTAL TO OBJECTS

7.1 The Co-operative shall have the following powers:

- (a) Raise money on loan for any objects of the Co-operative;
- (b) Acquire by purchase or otherwise shares in any other co-operative;

PART C - MEMBERS/CAPITAL/SHARES

RULE 8

MEMBERSHIP

8.1 The persons who shall be qualified to be members of the Co-operative shall be:

- (a) Any persons who are not under the age of fifteen years;
- (b) A corporate body which is substantially co-operative in nature; and
- (c) Any other co-operatives which have the power to acquire shares in the Co-operative.

8.2 Where a corporate body is a member of the Co-operative, that corporate body may from time to time in such manner as the Board of the Co-operative directs appoint a person, being a member of that corporate body, to represent it in respect of the share held by it, and the person so appointed shall during the continuance of his or her appointment be deemed a member of the Co-operative holding that share for all purposes except:

- (a) The liability in respect of the share;
- (b) The transfer thereof.

8.3 Application for membership or for additional shares shall be made at the registered office in or to the effect of the prescribed form with the full payment of \$1.00 for each share applied for.

8.4 The Board shall consider the application for membership at the next Board meeting after the date the application was made.

8.5 Upon approval of the application for membership the shares shall be allotted to the applicant, and his or her name shall be duly entered as a member in the register of members and shares. He or she shall be notified of such allotment and shall thereupon be entitled to the privileges of membership.

If an application for membership be not approved, the share monies so advanced shall be returned to the applicant without interest.

The Board may reject an application for membership and need not assign any reason for its action.

RULE 9

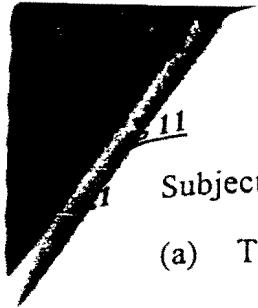
CEASING MEMBERSHIP

- 9.1 A person shall cease to be a member of the Co-operative in accordance with section 58(9) of the Act, and in the following circumstance: Where the member does not pay the annual subscription after three (3) months of the close of the financial year.

RULE 10

EXPULSION OF MEMBERS

- 10.1 A member may be expelled from the Co-operative by special resolution to the effect:
- (a) That he or she has failed to discharge his or her obligations to the Co-operative whether prescribed by these Rules or arising out of any contract; or
 - (b) That he or she has acted in a manner which obstructs the achievement of the Co-operatives objects according to Rule 6,
- provided that in either case written notice of the proposed resolution shall be forwarded to the member not less than seven days before the meeting, and he or she shall be given an opportunity of being heard at the meeting.
- 10.2 Where a member is expelled from the Co-operative all monies owing by him or her to the Co-operative shall forthwith become payable in full.
- 10.3 The shares of a member who has been expelled may by special resolution be forfeited to the Co-operative, but he or she shall be entitled to any other interest he or she may have in the Co-operative.
- 10.4 Notice of the forfeiture shall be sent in accordance with these Rules within seven days.
- 10.5 No expelled member shall be re-admitted as a member of the Co-operative except by special resolution.
- 10.6 A member so re-admitted shall not have restored to him or her any shares which were forfeited on his or her expulsion.
- 10.7 Where a member has been expelled but his or her shares have not been forfeited such shares may be sold by the Co-operative in such manner as the Board determines and the proceeds of such sale less any expenses incurred in connection therewith shall be paid to the expelled member or set off against monies owing to the Co-operative by him or her.
- 10.8 Where a member is expelled he or she shall, whether his or her shares are forfeited or not, cease to be a member.



RIGHTS OF MEMBER

Subject to the Act and these Rules members shall have the following rights:

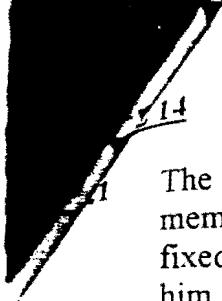
- (a) To nominate and be elected as a director of the Co-operative;
- (b) To vote at general meetings;
- (c) To call a special general meeting in accordance with Rule 25 of these Rules;
- (d) To have a dispute settled in accordance with Rule 43 of these Rules;
- (e) Upon application of not less than one third of the members of the Co-operative or 250 members (whichever is lesser) for the Registrar either to call a special general meeting or hold an investigation into the affairs of the Co-operative or both;
- (f) To a certificate of shares in accordance with Rule 16 of these Rules;
- (g) To inspect the following documents at the registered office without fee:
 - (i) a copy of the Act and the Regulations;
 - (ii) a copy of these Rules;
 - (iii) a copy of the last balance-sheet and profit and loss account for the time being, together with the report of the auditor;
 - (iv) the prescribed register of directors;
 - (v) the prescribed register of secretaries;
 - (vi) the prescribed register of members and shares;
 - (vii) the prescribed register of loans raised and securities given; and
- (h) To inspect his or her own account in the books of the Co-operative at any reasonable time or payment of a fee not exceeding one dollar.

RULE 12 LIABILITY OF A MEMBER TO CO-OPERATIVE

- 12.1 A member shall, in accordance with section 62 of the Act, be liable to the Co-operative for the amount, if any, unpaid on the shares held by him or her, together with any charges payable by him or her to the Co-operative as prescribed by these Rules.

RULE 13 ANNUAL SUBSCRIPTIONS

- 13.1 Members shall pay an annual subscription of \$50.00, payable within three months after the close of the financial year of the Co-operative.



DEALINGS OF MEMBERS WITH CO-OPERATIVE

The Co-operative may, in accordance with section 82 of the Act, make a contract with a member requiring him or her to have any specified dealings with the Co-operative for a fixed period, and in particular, without limiting the generality of the foregoing, requiring him or her to make use of the services provided by the Co-operative, with provision for the payment by him or her to the Co-operative of specified sums as liquidated damages for the breach of any term of the contract.

RULE 15

JOINING AN ASSOCIATION

- 14.1 The Co-operative, with the approval of a majority at a general meeting of which due notice has been given, may join with any other society to form an association under section 44 of the Act.

RULE 15

CAPITAL AND SHARES

- 15.1 The capital of the Co-operative shall be raised by the issue of shares.
- 15.2 The capital shall vary in amount according to the nominal value of shares from time to time subscribed.
- 15.3 Shares, which shall be of one class, all ranking equally, shall be of the nominal value of \$1 each.
- 15.4 Every member shall hold at least Ten (10) shares fully paid, of a nominal value of One dollar but no member shall hold more than one-fifth of the shares in the Co-operative.
- 15.5 The shares of the Co-operative shall not be quoted for sale or purchase at any stock exchange or in any other public manner whatever.

RULE 16

CERTIFICATE OF SHARES

- 16.1 Every person whose name is entered as a member in the register of members shall, without payment, be entitled upon application to a certificate under the seal of the Co-operative specifying the shares held by him or her and the amount paid up thereon: Provided that in respect of shares held jointly by several persons the Co-operative shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
- 16.2 If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee of Ten cents, and on such terms as to evidence and indemnity as the Board thinks fit.

RULE 17

CHARGE OF SHARES

- 17.1 The Co-operative shall, as provided in section 66 of the Act, have a charge upon the share or interest in the capital and on the credit balance of a member or past member, and upon any dividend, bonus or rebate payable to a member or past member in respect of any debt due from the member or past member to the Co-operative, and may set off any sum credited or payable to a member or past member in or towards payment of the debt.

FORFEITED SHARES

A person whose shares have been forfeited for any reason shall cease to be a member in respect of the forfeited shares but shall remain liable to pay the Co-operative all monies which, at the date of forfeiture, were presently payable by him or her to the Co-operative in respect of the shares.

- 18.2 A statutory declaration in writing that the declarant is a director of the Co-operative, and that a share in the Co-operative has been duly forfeited on a date stated in the declaration, shall be evidence of the facts therein stated.
- 18.3 The Co-operative may cancel or sell and re-issue any share forfeited to the Co-operative in accordance with the provisions of the Act but shall not purchase any share of a member in the Co-operative.
- 18.4 All monies received by the Co-operative in respect of forfeited shares shall be added to the reserve fund.

RULE 19

REPAYMENT OF SHARE CAPITAL

- 19.1 The repayment of share capital to a member shall be made in accordance with section 64 of the Act.

RULE 20

TRANSFER OF SHARES

- 20.1 The instrument of transfer of any shares shall be signed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- 20.2 Shares in the Co-operative shall be transferred in the following form:

I, _____ of _____

in consideration of the sum of \$ _____,
 paid to me by _____ of _____.

(hereinafter called "the said transferee") do hereby transfer to the said transferee the share
 (or shares) numbered _____

in the Co-operative called Co-operative Energy Ltd, to hold unto the said transferee, his
 or her executors, administrators and assigns, subject to the several conditions on which I
 held the same at the time of the execution hereof; and I, the said transferee, do hereby
 agree to take the said share or (shares) subject to the conditions aforesaid.

As witness our hands the _____ day of _____
 _____, 19 _____ transferor in the presence of _____
 _____ transferee in the presence of _____

REGISTRATION OF TRANSFERS

- The Board may decline to register any transfer of shares to a person not qualified to be a member or of whom it does not approve, and may also decline to register any transfer of shares on which the Co-operative has a charge.
- The Board may suspend the registration of transfers during the fourteen days immediately preceding the Annual General Meeting in each year.
- The Board may decline to recognise any instrument of transfer unless:
- (a) A fee of Ten cents per share is paid by the transferee to the Co-operative in respect thereof, and
 - (b) The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may require to show the right of the transferor to make the transfer.
- The Board shall cause a record of all transfers to be made in the proper books of the Co-operative.
- Any person becoming entitled to a share in consequence of the bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the Board, if qualified, be registered as a member in respect of the share or, instead of being registered himself/herself, may take such transfer of the share as the bankrupt person could have made; but the Board shall in either case have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by the bankrupt person before bankruptcy.
- A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he or she would be entitled if he or she were the registered holder of the share, except that he or she shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Co-operative.

RULE 22**DEALING WITH SHARES ON DEATH OF MEMBER**

- On the death of a member the Board shall transfer his or her share or interest in the Co-operative to one of the following persons (provided that the proposed transferee is qualified to be a member of the Co-operative, and that the transfer would not increase his or her holding in the Co-operative beyond the proportion or value allowed by these Rules), viz:
- (a) To the executor or administrator of the member; or
 - (b) To such person as the executor or administrator specifies in an application made to the Co-operative within twelve months after the death of the member.

If there is no such transferee willing to have the share or interest transferred to him or her, the Board shall pay the value thereof to the executor or administrator: Provided that the Board shall not be bound to make any such payment until all moneys due from the deceased member or his or her estate have been paid to the Co-operative.

RULE 23

PAYMENTS ON DEATH OF MEMBER

- 23.1 Payments on death of a member shall be made in accordance with section 67 of the Act.

PART D - GENERAL (ANNUAL/SPECIAL) MEETINGS

RULE 24

ANNUAL GENERAL MEETINGS

- 24.1 The Annual General Meeting of the Co-operative shall be held each year at such time (being within four months after the close of the financial year or within such further time as may be allowed by the Registrar or prescribed by the Regulations) and at such place as the Board appoints.
- 24.2 In default of such meeting being so held, it shall, with the approval of the Registrar, be held in the month next following, and may be convened by any five members of the Co-operative in the same manner as nearly as possible as that in which the meetings are to be convened by the Board.
- 24.3 The ordinary business of the Annual General Meeting shall be:
- (a) To confirm minutes of the last preceding Annual General Meeting and of any general meetings held since that meeting;
 - (b) To receive from the Board, auditors, or any officers of the Co-operative reports upon the transactions of the Co-operative during the financial year, including balance-sheet, trading account and profit and loss account, and the state of affairs at the end of the financial year in accordance with sections 130, 131 and 142 of the Act;
 - (c) To elect directors.
- 24.4 The Annual General Meeting may transact special business of which notice is given in accordance with these Rules.

RULE 25

SPECIAL GENERAL MEETINGS

- 25.1 The Board may whenever it thinks fit, convene a Special General Meeting of the Co-operative.
- 25.2 The Board shall, on the requisition of not less than Five (5) members, being the holders of shares upon which subscriptions or other sums then due have been paid, forthwith proceed to convene a Special General Meeting.
- 25.3 A requisition for a Special General Meeting shall state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Co-

operative, and may consist of several documents in the like form, each signed by one or more requisitionists.

- 25.4 If the Board does not proceed to cause a Special General Meeting to be held within twenty-one days from the date on which a requisition therefor was deposited at the registered office the requisitionists, or any of them, may convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit of the requisition.
- 25.5 Any Special General Meeting convened by requisitionists in pursuance of these Rules shall be convened in the same manner as nearly as possible as that in which such meetings are convened by the Board, and all reasonable expense incurred in so convening the meeting shall be refunded by the Co-operative to the persons who incurred it.

RULE 26

NOTICE OF GENERAL MEETINGS

- 26.1 Fourteen days notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given), specifying the place, the day, and the hour of meeting and, in case of special business, the general nature of that business, shall be given of any general meeting in manner hereinafter mentioned to such persons as are, under these Rules, entitled to receive such notices from the Co-operative; but the non-receipt of the notice by any member shall not invalidate the proceedings at such general meeting.
- 26.2 Any member, having a resolution to submit to a general meeting, shall give written notice thereof to the Co-operative not less than twenty-one days prior to the date of the meeting.
- 26.3 The Board shall cause to be inserted in any notice convening a general meeting a statement of any resolution of which notice of motion has been duly given by a member in accordance with these Rules before the notice of the meeting is issued.

RULE 27

PROCEEDINGS AT GENERAL MEETINGS

- 27.1 All business shall be deemed special that is transacted at Special General Meetings and all business that is transacted at the Annual General Meeting shall also be deemed special with the exception of that specifically referred to in these Rules as being the ordinary business of the Annual General Meeting.
- 27.2 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided Five (5) members shall be a quorum.
- 27.3 If within an hour after the time appointed for the meeting a quorum is not present, the meeting if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and (unless another place is specified by the chairperson or a director or officer at the time of the adjournment or by written notice to members given before the day to which the meeting is adjourned) at the same place, and if at the adjourned meeting a quorum is not present within half-an-hour after the time appointed for the meeting the members present shall be a quorum.

- The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Co-operative.
- 27.5 If there is no such chairperson, or if at any meeting he or she is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairperson, the members present shall choose some one of their number to be chairperson.
- 27.6 The chairperson may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 27.7 When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- 27.8 Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 27.9 At any general meeting every question for decision by the meeting shall be determined by a majority of members present in person thereat, and unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members the question shall be determined on a show of hands, and a declaration by the chairperson that a resolution has on a show of hands been carried by a simple majority, or carried unanimously, or by a particular majority, or lost shall be *prima facie* evidence of the fact.
- 27.10 If a poll is duly demanded it shall be taken in such manner as the chairperson directs and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 27.11 In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
- 27.12 A poll demanded on the election of a chairperson, or on a question of adjournment, shall be taken forthwith.
- 27.13 A poll demanded on any other question shall be taken at a time which the chairperson of the meeting shall direct.

RULE 28

STANDING OR ORDERS

- 28.1 The following standing orders shall be observed at the Co-operative's meetings:
 - (a) The mover of a proposition shall not speak for more than ten minutes; subsequent speakers shall be allowed five minutes, and the mover of the proposition five minutes to reply;

- (b) Whenever an amendment is proposed upon an original proposition, no second amendment shall be taken into consideration until the first amendment shall have been disposed of;
- (c) If an amendment be carried, it shall displace the original proposition and become itself the proposition to which any further amendment may be moved;
- (d) If an amendment be negatived, then a further amendment may be moved to the original proposition; but only one amendment shall be submitted to the meeting for a discussion at one time;
- (e) The mover of every original proposition, but not of an amendment, shall have the right to reply, immediately after which the question shall be put from the chair, but no other member shall speak more than once on the same question, unless permission be given to explain, or the attention of the chairperson be called to a point of order;
- (f) Propositions and amendments shall be submitted in writing, when requested by the chairperson;
- (g) Any discussion may be closed by a resolution "that the question be now put" being moved, seconded, and carried, and any such resolution shall be put to the meeting without debate.

RULE 29

VOTING OF MEMBERS

- 29.1 On a show of hands or on a poll every member present in person shall have one vote only.
- 29.2 In the case of joint holders the vote of the primary joint holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders.
- 29.3 There shall be no voting by proxy.

RULE 30

SPECIAL RESOLUTIONS

- 30.1 For the purpose of the Act and these Rules a special resolution means a resolution:
 - (a) Where the voting on the resolution is by show of hands - which is passed by a majority of not less than three quarters of the number of persons who, being entitled so to do, vote in person; or
 - (b) Where the voting on the resolution is by poll - which is passed by a majority of not less than three quarters of the number of votes cast by persons who, being entitled to do so, cast votes,

at any general meeting of the Co-operative of which notice specifying the intention to propose the resolution as a special resolution has been duly given in accordance with the provisions of the Act and these Rules.

A copy of the special resolution shall be lodged with the Registrar in accordance with section 112 of the Act.

PART E - MANAGEMENT

RULE 31

BOARD OF DIRECTORS

- 31.1 There shall be a Board of Six (6) directors.
- 31.2 The qualification of a director shall be the holding of not less than Ten (10) shares in the Co-operative.
- 31.3 The first directors shall be elected at the meeting for the formation of the Co-operative.
- 31.4 At the first Annual General Meeting of the Co-operative Two (2) of the directors shall retire and at the Annual General Meeting in each subsequent year the directors shall retire in rotation of Two (2) and Two (2).
- 31.5 The directors to retire in any year shall, subject to the provisions as to filling casual vacancies, be those who have been longest in office since their last election, but, as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 31.6 A retiring director shall be eligible for re-election.
- 31.7 The Co-operative at the Annual General Meeting at which a director retires in manner aforesaid may fill the vacated office by electing a person thereto in such usual and proper manner as the Board directs.
- 31.8 If at any Annual General Meeting at which an election of directors ought to take place the places of the retiring directors or any of them are not filled, the meeting shall stand adjourned till the same day in the next week at the same time and (unless another place is specified by a director or officer at the time of the adjournment, or by written notice to members given before the day to which the meeting is adjourned) at the same place, and such adjourned meeting may receive nominations and elect directors to the vacancies in such usual and proper manner as the chairperson directs.
- 31.9 If at the adjourned meeting the places of the retiring directors are not filled the retiring directors or such of them as have not had their places filled shall be deemed to have been re-elected at the adjourned meeting.
- 31.10 Any vacancy occurring in the Board otherwise than by rotation of retirement may be filled by the Board, but the person so chosen shall be subject to retirement at the time as if he or she had become a director on the day on which the director in whose place he or she is appointed was last elected a director.
- 31.11 The Co-operative may by special resolution remove any director before the expiration of his or her period of office, and may by a simple majority appoint another person in his or her stead; the person so appointed shall be subject to retirement at the same time as if he or she had become a director on the day on which the director in whose place he or she is appointed was last elected a director.

DUTIES AND POWERS OF THE BOARD

- 32.1 The business and operations of the Co-operative shall, in accordance with section 101 of the Act, be managed and controlled by the Board, and for that purpose the Board, except as hereinafter provided, shall have and may exercise the powers of the Co-operative as if they had been expressly conferred on the Board by a general meeting of the Co-operative.
- 32.2 The powers of the Board shall be subject to any restrictions imposed thereon by the Act or by these Rules.
- 32.3 Every director acting in the business or operations of the Co-operative in pursuance of a resolution duly passed by the Board shall be deemed to be the agent of the Co-operative for all purposes within the objects of the Co-operative.
- 32.4 The directors shall be entitled to receive reimbursement of expenses necessarily incurred by them in the discharge of their duties as directors of the Co-operative: provided that reimbursement of such expenses shall not be made unless those expenses can be substantiated by the production of documentary evidence or in the absence of such documentary evidence unless those expenses are approved by the Board.
- 32.5 The Board shall, in accordance with section 113 of the Act, cause minutes of general and Board meetings to be made in books provided for the purpose and, in particular:
 - (a) Of all appointments of officers and employees made by the directors;
 - (b) Of the names of the directors present at each meeting of the Board and of any committee of the Board;and every director present at any meeting of the Board or committee of the Board shall sign his or her name in a book to be kept for that purpose.
- 32.6 The Board shall, in accordance with section 98(3) of the Act, cause to be supplied to every person on demand a copy of these Rules on payment of a sum of One dollar.
- 32.7 The Board shall, in accordance with section 147 of the Act, cause to be prepared and lodged with the Registrar within the following periods after the close of the Co-operative's financial year all returns required by the Act or the Regulations and, in particular:
 - (a) Within four months of the directors and the secretary for the year then current;
 - (b) Within three months:
 - (i) a copy of the profit and loss account required by section 130(1) of the Act;
 - (ii) a copy of the balance-sheet required by section 130(2) of the Act;

- (iii) a copy of the group accounts, if applicable, required by section 130(3) of the Act;
 - (iv) a copy of the directors' statements required by section 130(8) or section 130(9) of the Act;
 - (v) a copy of the statement of the principal accounting officer required by section 130(10) of the Act;
 - (vi) a copy of the directors' report required by section 131 of the Act;
 - (vii) a copy of the auditor's report or reports required by section 142 of the Act;
 - (viii) such other particulars as are prescribed by the Regulations.
- 32.8 The Board shall, not less than fourteen days before each Annual General Meeting, send a copy of all accounts which are to be laid before the Co-operative at the meeting accompanied by a copy of the statements required under section 130 of the Act, a copy of the directors' report required under section 131 of the Act and a copy of the auditor's report or reports required by section 142 of the Act to each member with the notice of Annual General Meeting.
- 32.9 The Board shall cause to be kept such registers and accounts as prescribed by the Act or by the Regulations and, in particular, the following, viz:
- (a) A register of members and shares in accordance with Form 24;
 - (b) A register of share transfers in accordance with Form 25;
 - (c) A register of withdrawals and forfeiture in accordance with Form 26;
 - (d) A register of directors in accordance with Form 27;
 - (e) A register of secretaries in accordance with Form 28;
 - (f) A register of loans raised, and securities given in accordance with Form 29;
 - (g) A register of loans made to members by the Co-operative and securities taken therefore, in accordance with Form 31.

RULE 33

PROCEEDINGS OF THE BOARD

- 33.1 The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit: Provided that meetings of the Board shall be held at intervals of not more than three months.
- 33.2 Questions arising at any meeting shall be decided by a majority of votes.
- 33.3 In case of an equality of votes the chairperson shall have a second or casting vote.

- A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the Board.
- 33.5 The quorum for a meeting of the Board shall be Four (4).
- 33.6 The continuing directors may act notwithstanding any vacancy in their number but, if and so long as their number is reduced below the number fixed by or pursuant to these Rules as the necessary quorum of directors, the continuing directors may act only for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Co-operative, but not for any other purpose.
- 33.7 The Board may elect a chairperson of its meetings and determine the period for which he or she is to hold office, but if no such chairperson is elected or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairperson of the meeting.
- 33.8 The Board may delegate any of its powers to committees consisting of such members of the Board and co-operative as the Board thinks fit.
- 33.9 Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.
- 33.10 A committee may elect a chairperson of its meetings.
- 33.11 If no such chairperson of a committee is elected, or, if at any meeting the chairperson is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairperson of the meeting.
- 33.12 A committee may meet and adjourn as it thinks proper.
- 33.13 Questions arising at any committee meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairperson shall have a second or casting vote.

RULE 34 VACATION OF OFFICE OF DIRECTOR

- 34.1 The office of a director shall be vacated in the circumstances set out in section 105 of the Act.

RULE 35 APPOINTMENT AND REMOVAL OF EMPLOYEES

- 35.1 Without prejudice to the general powers conferred on the Board by the Act or these Rules, the Board shall have power to appoint and, at its discretion, to remove or suspend officers, clerks, agents and servants and to determine their powers, duties, and remuneration, or, when so deemed necessary, to delegate all or any of such powers of appointment.

PART F - ADMINISTRATION

RULE 36

SEAL

- 36.1 The Co-operative shall, as required by section 80 of the Act, have its name inscribed in legible characters upon a seal. The seal shall be kept at the registered office in such custody as the Board directs.
- 36.2 The device of seal shall be the name of the Co-operative within two concentric circles.
- 36.3 The seal shall be used only under the authority of a resolution of a general meeting or of the Board, and shall be attested by the signatures of two directors.

RULE 37

INSURANCE

- 37.1 The Board shall arrange insurance against loss or damage to or liability of the Co-operative by reason of fire, accident, or otherwise.
- 37.2 In accordance with section 108 of the Act every officer or other person having the receipt or charge of any money of the Co-operative shall give security as prescribed by the regulations for rendering a just and true account of all money received and paid by him or her for the Co-operative, and for the payment of all money due from him or her to the Co-operative.

RULE 38

CUSTODY OF SECURITIES AND DOCUMENTS

- 38.1 All books of account, securities, documents and papers of the Co-operative, other than such (if any) as the Board may direct to be kept elsewhere, shall be kept at the registered office in such manner and with such provision for their security as the Board directs.

RULE 39

BANKING

- 39.1 The Board shall cause to be opened a banking account in the name of the Co-operative, into which all monies received shall be paid as soon as possible after receipt.
- 39.2 All payments made by the Co-operative shall be made by cheque save such payments as the Board may direct to be paid out of any petty cash advance.
- 39.3 All cheques drawn on such account, and all drafts, bills of exchange, promissory notes, and other negotiable instruments for and on behalf of the Co-operative shall be signed by two directors.

RULE 40

RECORDS, ACCOUNTS AND AUDIT

- 40.1 Sufficient and proper accounting and all other necessary records shall be maintained and left at the registered office of the Co-operative for the purpose of the Co-operative and in order to comply with the provisions of the Act.

The accounts of the Co-operative shall be kept by double entry and shall be kept in a manner which will enable the whole of the income in the financial year in which it is received and accrued and the whole of the expenditure in the financial year in which it is incurred and accrued to be taken into account.

- 40.3 A record shall be kept of the fixed assets of the Co-operative and of the value of each.
- 40.4 The value of the several fixed assets of the Co-operative shall be written down at least annually by an amount to be fixed by the Board and approved by the auditor. The auditor shall include a report on the writing down of those assets in his or her report to the Co-operative. If the Board and the auditor are unable to agree on the amount to be written down in respect of any asset the matter shall be referred to the Registrar whose decision shall be final.
- 40.5 The accounts of any petty cash advance shall be kept on the imprest system.
- 40.6 The accounts of the Co-operative shall be audited annually in accordance with the Act.
- 40.7 The qualification, nomination, appointment, removal, resignation, powers and duties of reporting of a person or firm as auditor of the Co-operative shall be in accordance with Division 3 of Part VI of the Act.

RULE 41

NOTICES

- 41.1 A notice may be given by the Co-operative to any member either personally or by sending it by post to him or her at the address shown as his or her address in the register of members, (hereinafter called his or her registered address), or, if he or she has no registered address within Victoria, to the address, if any, within Victoria supplied by him or her to the Co-operative for the giving of notices to him or her.
- 41.2 Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.
- 41.3 If a member has no registered address within Victoria and has not supplied to the Co-operative an address within Victoria for the giving of notices to him or her, a notice addressed to him or her and advertised in a newspaper circulating in the neighbourhood of the registered office of the Co-operative shall be deemed to be duly given to him or her on the date on which the advertisement appears.
- 41.4 A notice may be given by the Co-operative to the joint holders of a share by giving the notice to the primary joint holder.
- 41.5 A notice may be given by the Co-operative to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, in Victoria, supplied for the purpose by the persons claiming to be so entitled or (until such

an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

41.6 Notice of every general meeting shall be given in some manner hereinbefore authorised to:

- (a) Every member of the Co-operative except those members who have no registered address within Victoria and have not supplied to the Co-operative an address within Victoria for the giving of notices to them; and
- (b) Every person entitled to a share in consequence of the death or bankruptcy of a member who, but for his or her death or bankruptcy, would be entitled to receive notice of the meeting.

41.7 No other persons shall be entitled to receive notices of general meetings.

RULE 42

CHARGES

42.1 The following is a schedule of charges appearing in the foregoing Rules:

- (a) For members inspecting their accounts as per Rule 11.1(h) of these Rules, a sum not exceeding \$1.00;
- (b) For a duplicate share certificate as per Rule 16 of these Rules, a sum of ten cents;
- (c) For registering a transfer of shares as per Rule 21.3(a) of these Rules, a sum of ten cents;
- (d) For a book of these Rules as per Rule 32.6 of these Rules, a sum of \$1.00; and
- (e) For an annual subscription as per Rule 13.1 of these Rules a sum of \$50.00.

RULE 43

GRIEVANCES AND DISPUTES

43.1 In the first instance, a grievance between the Co-operative and member or members shall, if possible, be resolved according to the procedures as in force from time to time as determined by the Co-operative.

43.2 An unresolved grievance between the Co-operative and any of its members or other persons, shall be deemed a dispute and as such shall be settled by arbitration in accordance with section 114 of the Act.

RULE 44

APPLICATION OF FUNDS

44.1 The funds of the Co-operative shall be applied to carrying out the objects of the Co-operative.

44.2 The Co-operative may invest any of its funds not immediately required for its objects or purposes incidental thereto in any manner authorised by section 75 of the Act.

DISTRIBUTION OF SURPLUS

- 45.1 Any surplus resulting from its operations during the financial year, after providing for depreciation in value of the Co-operative's property and for contingent liability for loss, shall in accordance with section 60 of the Act, at the end of the financial year, be applied as follows:
- (a) In payment of at least Five per centum to a reserve fund to be created in accordance with section 60 of the Act until the fund is at least one-fourth of the aggregate amount of the capital paid up for the time being, and of any moneys raised on loan and the monies received on deposit and for the time being remaining unpaid;
 - (b) After providing for a reserve fund any remaining surplus shall be credited to any account for the purpose of meeting expenses properly incurred in future years.
- 45.2 No portion of the surplus shall be transferred either directly or indirectly by way of a dividend, bonus or rebate to members.

RULE 46PROVISION FOR LOSS

- 46.1 The reserve fund together with any other funds available shall be applicable to meet any loss which the Co-operative may sustain.

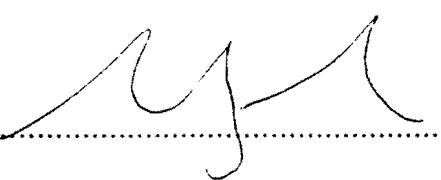
RULE 47WINDING UP

47.1 The winding up of the Co-operative shall be in accordance with Part X of the Act.

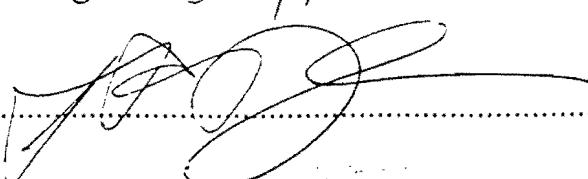
47.2 If upon winding up on dissolution of the co-operative there remains after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the Co-operative but shall be given or transferred to some other institution or institutions having objects similar or in part similar to the objects of the Co-operative and which shall also prohibit the distribution of its or their property among its or their members.

We certify that these are the Rules approved at the meeting for the formation of the Co-operative in accordance with Section 53 (4) of the Act.

DATED THE.....12..... DAY OFDECEMBER.....19 94

CHAIRPERSON.....

SECRETARY.....David Henry Griffiths.....

WITNESS TO THE ABOVE.....

CO-OPERATION ACT 1981

CERTIFICATE OF REGISTRATION OF A SOCIETY AND ITS RULES

I certify that CO-OPERATIVE ENERGY LTD and its rules were on the twentieth day of December 1994, registered under the above-named Act by virtue of which registration the society became incorporated thereunder.

Given under my hand and seal at Melbourne this twentieth day of December 1994.



K N FLOWERS
ACTING DEPUTY REGISTRAR OF CO-OPERATIVES